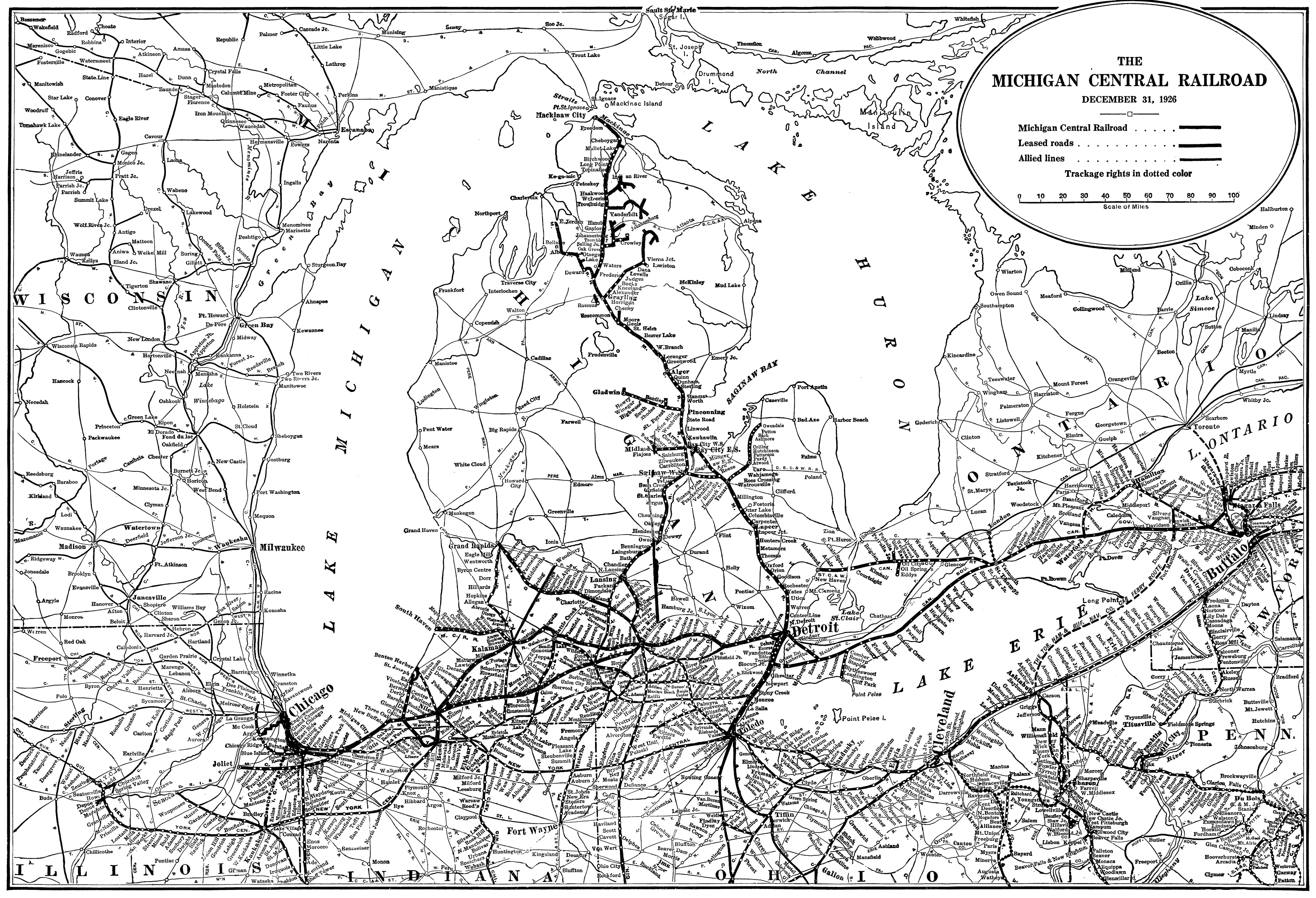
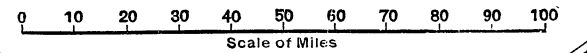


THE MICHIGAN CENTRAL RAILROAD

DECEMBER 31, 1926

Michigan Central Railroad
Leased roads
Allied lines

Trackage rights in dotted color



The Michigan Central Railroad Company

Report of the Board of Directors
to the Stockholders
for the year ended
December 31, 1926



DETROIT
MICHIGAN

ORGANIZATION OF THE MICHIGAN CENTRAL RAILROAD COMPANY

DECEMBER 31, 1926

DIRECTORS

CHAUNCEY M. DEPEW	HAROLD S. VANDERBILT	WARREN S. HAYDEN
FREDERICK W. VANDERBILT	EDWARD S. HARKNESS	BERTRAM CUTLER
GEORGE F. BAKER	ALBERT H. HARRIS	PATRICK E. CROWLEY
WILLIAM K. VANDERBILT	EDMOND D. BRONNER	CHARLES B. SEGER
	JACKSON E. REYNOLDS	

The annual meeting of stockholders for the election of directors is held in the city of Detroit, Michigan, on the Thursday after the first Wednesday in May

FINANCE COMMITTEE

ALBERT H. HARRIS, <i>Chairman</i>	HAROLD S. VANDERBILT
GEORGE F. BAKER	CHARLES B. SEGER
WILLIAM K. VANDERBILT	JACKSON E. REYNOLDS

CORPORATE OFFICERS

President	PATRICK E. CROWLEY	New York
Assistant to President	HOWARD L. INGERSOLL	New York
Assistant to President	FRANK H. HARDIN	New York
Executive Assistant to President	MARTIN J. ALGER	New York
Engineering Assistant to President	RICHARD E. DOUGHERTY	New York
Vice President	IRA A. PLACE	New York
Vice President	ALBERT H. HARRIS	New York
Vice President	GEORGE H. INGALLS	New York
Vice President	EDMOND D. BRONNER	Detroit
Vice President	JOHN L. BURDETT	New York
Vice President	JOHN G. WALBER	New York
Assistant Vice President	CHARLES J. BRISTER	Chicago
Assistant Vice President	CHARLES C. PAULDING	New York
Assistant Vice President	JOHN K. GRAVES	New York
Assistant Vice President and General Manager	HENRY SHEARER	Detroit
General Counsel	ROBERT J. CARY	New York
General Counsel	FRANK E. ROBSON	Detroit
Secretary	EDWARD F. STEPHENSON	New York
Assistant Secretary	JOSEPH M. O'MAHONEY	New York
General Treasurer	HARRY G. SNELLING	New York
Assistant General Treasurer	EDGAR FREEMAN	New York
Assistant General Treasurer	HENRY A. STAHL	New York
Assistant General Treasurer	RUSH N. HARRY	New York
Treasurer	WALTER E. HACKETT	Detroit
Comptroller	WILLIAM C. WISHART	New York
Assistant Comptroller	LEROY V. PORTER	New York
Assistant Comptroller	FREDERICK H. MEEDER	New York

General Treasurer, New York Central Building, 466 Lexington Avenue, New York, transfers stock, pays dividends on stock, transfers bonds and pays interest on bonds

Central Union Trust Company of New York registers stock at 80 Broadway, New York

REPORT

To the Stockholders of

THE MICHIGAN CENTRAL RAILROAD COMPANY:

The Board of Directors herewith submits its report for the year ended December 31, 1926, with statements showing the income account for the year and the financial condition of the company.

Road operated

The following is a comparative table of the mileage operated:

	1926 Miles	1925 Miles	Decrease Miles
Main line and branches owned	1,184.36	1,184.71	.35
Line jointly owned	.70	.70	
Leased lines	576.89	576.89	
Lines operated under trackage rights	94.03	109.02	14.99
Total road operated	<u>1,855.98</u>	<u>1,871.32</u>	<u>15.34</u>

The decrease in owned line mileage is the result of reclassification as side track of a portion of the Toledo Branch. The decrease in trackage rights is due to the reclassification of the company's rights with respect to the London and Port Stanley Railway as traffic, rather than trackage, rights.

The year's business

During 1926 the company moved 33,181,573 tons of revenue freight, an increase over 1925 of 2,127,940 tons. The more important increases were: coal and coke, 1,151,024 tons; automobiles and auto trucks, 181,774 tons; and clay, gravel, sand and stone, 778,064 tons.

Revenue passengers carried were 4,275,514, a decrease compared with 1925 of 215,306, chiefly in local and commutation passengers. Revenue from passenger traffic increased, however, because of the longer average passenger haul, which was 145.52 miles in 1926 as compared with 133.71 miles in 1925.

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INCOME ACCOUNT FOR THE YEAR

	Year ended Dec. 31, 1926 <i>1,855.98 miles operated</i>	Year ended Dec. 31, 1925 <i>1,871.32 miles operated</i>	Increase	Decrease <i>15.34 miles</i>
OPERATING INCOME				
RAILWAY OPERATIONS				
Railway operating revenues	\$95,524,343 34	\$91,864,377 45	\$3,659,965 89	
Railway operating expenses	64,957,363 74	61,893,039 01	3,064,324 73	
NET REVENUE FROM RAILWAY OPERATIONS	\$30,566,979 60	\$29,971,338 44	\$595,641 16	
Percentage of expenses to revenues	(68.00)	(67.37)	(.63)	
Railway tax accruals	\$5,979,584 60	\$5,864,589 76	\$114,994 84	
Uncollectible railway revenues	24,747 55	26,187 23		\$1,439 68
RAILWAY OPERATING INCOME	\$24,562,647 45	\$24,080,561 45	\$482,086 00	
Equipment rents, net debit	\$424,049 34	\$227,069 76*	\$651,119 10	
Joint facility rents, net debit	573,467 62	543,650 02	29,817 60	
NET RAILWAY OPERATING INCOME	\$23,565,130 49	\$23,763,981 19		\$198,850 70
MISCELLANEOUS OPERATIONS				
Revenues	\$366,054 63	\$385,183 94		\$19,129 31
Expenses and taxes	324,821 23	341,518 59		16,697 36
MISCELLANEOUS OPERATING INCOME	\$41,233 40	\$43,665 35		\$2,431 95
TOTAL OPERATING INCOME	\$23,606,363 89	\$23,807,646 54		\$201,282 65
NON-OPERATING INCOME				
Income from lease of road	\$10 00	\$10 00		
Miscellaneous rent income	178,442 67	191,038 35		\$12,595 68
Miscellaneous non-operating physical property	81,757 69	81,544 38	\$213 31	
Dividend income	571,148 01	553,861 31	17,286 70	
Income from funded securities	451,036 87	118,830 33	332,206 54	
Income from unfunded securities and accounts	431,687 65	500,941 42		69,253 77
Miscellaneous income	8,068 90	39,115 01		31,046 11
TOTAL NON-OPERATING INCOME	\$1,722,151 79	\$1,485,340 80	\$236,810 99	
GROSS INCOME	\$25,328,515 68	\$25,292,987 34	\$35,528 34	
DEDUCTIONS FROM GROSS INCOME				
Rent for leased roads	\$2,735,882 82	\$2,735,142 31	\$740 51	
Miscellaneous rents	10,074 66	2,997 78	7,076 88	
Miscellaneous tax accruals	21,529 19	17,455 79	4,073 40	
Interest on funded debt	3,417,167 77	3,532,743 04		\$115,575 27
Interest on unfunded debt	9,688 67	19,911 15		10,222 48
Amortization of discount on funded debt	161,988 03	169,245 59		7,257 56
Maintenance of investment organization	1,980 33	1,796 44	183 89	
Miscellaneous income charges	6,305 40	7,500 85		1,195 45
TOTAL DEDUCTIONS FROM GROSS INCOME	\$6,364,616 87	\$6,486,792 95		\$122,176 08
NET INCOME	\$18,963,898 81	\$18,806,194 39	\$157,704 42	
DISPOSITION OF NET INCOME				
Dividends declared: 35 per cent in 1926; 27½ per cent in 1925	\$6,557,740 00	\$5,152,510 00	\$1,405,230 00	
SURPLUS FOR THE YEAR CARRIED TO PROFIT AND LOSS	\$12,406,158 81	\$13,653,684 39		\$1,247,525 58

* Credit balance in 1925

*The Michigan Central Railroad Company**Profit and Loss account*

BALANCE TO CREDIT OF PROFIT AND LOSS, DECEMBER 31, 1925		\$70,446,174 05
ADDITIONS:		
Surplus for the year 1926	\$12,406,158 81	
Unrefundable overcharges	8,849 42	
Profit on property sold	40,484 30	12,455,492 53
		<hr/>
		\$82,901,666 58
DEDUCTIONS:		
Depreciation prior to July 1, 1907, on equipment retired during the year	\$151,302 35	
Road property abandoned and not replaced	366,028 09	
Writing off sundry stocks which have become worthless	15,002 00	
Various miscellaneous items (net)	10,719 40	543,051 84
		<hr/>
BALANCE TO CREDIT OF PROFIT AND LOSS, DECEMBER 31, 1926		\$82,358,614 74

Operating revenues

The total operating revenues were \$95,524,343.34, an increase of \$3,659,965.89. Freight revenue was \$64,489,761.55, an increase of \$2,630,650.32. Passenger revenue was \$21,537,939.32, an increase of \$697,297.43. Mail revenue was \$947,085.40, a decrease of \$11,562.47. Express revenue was \$4,443,370.96, an increase of \$116,170.22, the result of the larger volume of business handled. Other transportation revenues increased \$18,566.78. Incidental and joint facility revenues increased \$208,843.61, to which the dining car service and demurrage contributed substantially.

Operating expenses

The following table shows the operating expenses by groups:

Group	Amount	Increase
Maintenance of way and structures	\$11,528,183 00	\$1,112,595 00
Maintenance of equipment	18,064,539 71	446,398 85
Traffic	1,368,268 31	61,927 09
Transportation	29,900,804 41	681,657 79
Miscellaneous	1,142,608 84	117,775 15
General	3,082,427 35	683,126 37
Transportation for investment—credit	129,467 88	39,155 52*
Total	<hr/> \$64,957,363 74	<hr/> \$3,064,324 73

* Decrease

The increased expense for maintenance of way and structures was the result of the application of more new rail and more ballast than in 1925, and to charges incident to the remodelling of the Third Street freight terminal at Detroit.

Locomotive repairs largely accounted for the increased expenses for maintenance of equipment.

While transportation expenses increased as the result of the larger volume of traffic, the ratio of transportation expenses to operating revenues, 31.3 per cent, was 0.51 per cent lower.

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General expenses increased \$683,126.37, the principal item contributing thereto being pensions, the reserve for payment to employees retired in 1926 having been substantially greater than that set up to cover those pensioned in 1925.

Railway tax accruals

Railway tax accruals were \$5,979,584.60, an increase of \$114,994.84. United States income tax accruals decreased \$445,000, largely due to adjustment of over-accruals for prior years. Federal capital stock tax accruals decreased \$48,000. Canadian income tax accruals increased \$469,000, including an adjustment for prior under-accruals. Taxes on real and personal property increased \$138,000, this increase being partly due to adjustments for prior under-accruals.

Equipment and joint facility rents

The net debit for equipment rents was \$424,049.34 as compared with a net credit to this account in 1925 of \$227,069.76, a difference of \$651,119.10, mainly due to the larger tonnage received from connecting carriers with consequent heavier per diem charges.

The net debit to joint facility rents increased \$29,817.60.

Details of these accounts will be found in tables on another page of this report.

Non-operating income

Non-operating income was \$1,722,151.79, an increase of \$236,810.99.

Dividend income increased \$17,286.70, the result of additions in 1925 to the company's holdings of capital stock of The Canada Southern Railway Company and of The Toronto Hamilton and Buffalo Railway Company.

Income from funded securities increased \$332,206.54, due to interest on United States Government securities purchased during the year.

Income from unfunded securities and accounts decreased \$69,253.77, largely the result of the inclusion in 1925 of an adjustment of accounts for previous years with the Canada Southern Railway Company.

Deductions from gross income

Deductions from gross income were \$6,364,616.87, a decrease of \$122,176.08, mainly due to the reduction in amount of equipment trust certificates outstanding.

Net income before dividends

The net income of the company was \$18,963,898.81, an increase of \$157,704.42.

Dividends

Dividends declared and charged against the income of the year were as follows:

Date declared	Date payable	Rate per cent	Amount
June 9, 1926	July 29, 1926	17½	\$3,278,870 00
December 15, 1926	January 29, 1927	17½	3,278,870 00
Total for the year. 35 per cent			<u>\$6,557,740 00</u>

*The Michigan Central Railroad Company**Surplus*

After charges for dividends there remained a surplus of \$12,406,158.81 which was carried to the credit of profit and loss. At the end of the year the total corporate surplus was \$89,147,646.03.

Capital stock

The capital stock of the company remained unchanged during the year, the total amount authorized and issued being \$18,738,000.

Changes in funded debt

The changes in the funded debt of the company, in detail, were as follows:

The funded debt outstanding on December 31, 1925, was	\$76,113,077 50
---	-----------------

It has been increased as follows:

N Y C Lines Equipment Trust 4½ per cent certificates of May 15, 1925	1,568,000 00
	<u>\$77,681,077 50</u>

and has been reduced as follows:

Payments falling due during the year and on January 1, 1927, on the company's liability for principal installments under equipment trust agreements as follows:

N Y C Lines Trust of 1912, January 1, 1927	\$151,710 90	
N Y C Lines Trust of 1913, January 1, 1927	262,359 54	
M C R R Trust of 1915, October 1, 1926	300,000 00	
M C R R Trust of 1917, March 1, 1926	600,000 00	
Trust No. 48 (1920), January 15, 1926	346,400 00	
M C R R Co proportion of N Y C R R Co Trust of 1920, April 15, 1926	467,664 75	
N Y C Lines Trust of 1922, June 1, 1926	373,000 00	
N Y C Lines 4½ per cent Trust of 1922, September 1, 1926	51,000 00	
N Y C Lines Trust of 1923, June 1, 1926	632,000 00	
N Y C Lines Trust of 1924, June 1, 1926	233,000 00	
N Y C Lines 4½ per cent Trust of 1924, September 15, 1926	173,000 00	
N Y C Lines 4½ per cent Trust of May 15, 1925, May 15, 1926	122,000 00	3,712,135 19
leaving the funded debt on December 31, 1926		<u>\$73,968,942 31</u>

a net decrease of \$2,144,135.19.

Property investment accounts

Increases in the property investment accounts for the year, as shown in detail elsewhere in this report, were as follows:

Road	\$2,470,914 59
Equipment	4,195,686 60
Improvements on leased railway property	76,305 41
Miscellaneous physical property	2,168,321 63
Total	<u>\$8,911,228 23</u>

Improvements at Detroit

The improvement work at the company's Third Street freight terminal referred to in the report for 1925 was completed during the year, providing adequate facilities to take

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care of requirements for some years in the handling of less than car load traffic. Additional team tracks in close proximity to the wholesale district and improved facilities for handling fruits and vegetables were also provided.

Freight houses, tracks and driveways were constructed at Wabash and Baker streets just east of the company's Detroit passenger station and leased to a company engaged in the handling of consolidated less than car load shipments.

A new power plant serving the enginehouse and shops at West Detroit was constructed.

In conjunction with the County of Wayne, grades were separated at Division Road on the main line and at South Dearborn Road, River Rouge, on the outskirts of Detroit.

Automatic train control

An auto-manual train stop system was installed and placed in operation on 191 miles of double main track between Detroit and Niles during the year. One hundred and ninety-seven locomotives have been equipped with the train control device.

Between Jackson and Rives Junction 10 miles of double track were equipped with automatic train control.

When the authorized installation of train control appliances between Niles, Michigan and Kensington, Illinois, shall have been completed, the entire main line between Detroit and Chicago will be equipped with automatic train control.

Proposed lease of the company's properties to The New York Central Railroad Company

The Board of Directors, by resolutions adopted on June 9, 1926, authorized, subject to approval by the holders of two-thirds of the capital stock of the company and by the Interstate Commerce Commission, the lease by the company to The New York Central Railroad Company of its lines of railroad, franchises and properties for a term of ninety-nine years, such lease to include an assignment to the lessee of the company's leaseholds of lines of other companies.

Stocks, bonds and other securities and investments of the company are, by the terms of the proposed lease, to be transferred for the duration thereof to the lessee, which is to receive the income therefrom. The lessee is to take over the company's current assets and collect moneys due the company from transactions prior to the effective date of the lease. The lessee agrees to pay the company's current and deferred liabilities, using for that purpose the current assets, or proceeds thereof, and other moneys of the company transferred to it, any excess of such current assets and moneys of the company over the amount of its said liabilities, or vice-versa, to be accounted for by the one party to the other, as the case may be, at the termination of the lease.

Under the terms of the proposed lease the lessee is to pay, as rentals, in addition to the expense of maintaining the company's corporate organization and its fixed charges and taxes, \$50 per annum on each share of the capital stock of the lessor not owned by the lessee, such payment to be made direct to the stockholder.

The Michigan Central Railroad Company

By the terms of the proposed lease the lessee agrees to purchase any or all shares of the lessor's capital stock not owned by the lessee at its fair value,—to be agreed upon or determined by arbitration,—if offered for such purchase within ninety days after notice to the holders of the execution of the lease, which notice is required to be given by the lessee within sixty days after the making of such lease.

The proposed lease contains appropriate provisions for the payment or refunding of the company's bonds and other obligations maturing during the term of the lease, for the issue by the company of its bonds or other securities to reimburse the lessee for the cost of additions and betterments and equipment to be made or acquired for account of the company, for return of the company's properties at the termination of the lease in a proper state of repair with proper accounting for retirements of property, for modifications with the approval of the Board of Directors, for arbitration of differences, etc.

Application has been filed by The New York Central Railroad Company with the Interstate Commerce Commission for its approval of the proposed lease. The required approval of the stockholders was given on November 4, 1926, at a special meeting called to consider the lease.

Among the securities to be transferred by the company to the lessee under and for the duration of the proposed lease are 2,700 shares of the capital stock of Chicago Kalamazoo and Saginaw Railway Company. It is proposed that that company, also, shall make a ninety-nine year lease of its properties to The New York Central Railroad Company, which owns the remaining 1,800 shares of its outstanding stock.

Guaranty of Indiana Harbor Belt Railroad Company bonds

Indiana Harbor Belt Railroad Company issued and sold on December 31, 1926, \$5,000,000 of its general mortgage bonds (4½ per cent) to retire maturing bonds and floating indebtedness and for other purposes. Under the authority of a resolution of the Finance Committee, adopted on November 9, 1926, and pursuant to the agreement of April 13, 1911, between the proprietor companies of the Belt Company, this company joined with The New York Central Railroad Company and Chicago and North Western Railway Company in a joint and several guaranty of these bonds, as to principal and interest. Chicago Milwaukee and St Paul Railway Company, owing to receivership, did not join in the guaranty but the guarantor companies will look to the new company in whose interest the St Paul properties were bid in upon foreclosure sale for protection with respect to the liability evidenced by the guaranty to the extent of the St Paul's proportionate stock interest (20 per cent) in the Belt Company.

Pensions

During the year 156 employees were retired and pensioned; 53 at the age of seventy, 35 for disability and 68 voluntarily on service pension. There were 611 pensioners at the close of the year.

The total amount paid in pensions for the year was \$313,035.47. The balance in the pension reserve to provide for payments upon pensions granted in 1925 and 1926 was, at the end of the year, \$1,378,092.

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Effective June 15, 1926, an amendment to the pension rules removed the maximum limit of \$250 per month as to pensions granted after that date.

Changes in organization

The Board records with regret the death of Henry M. Campbell, a director of the company, on March 26, 1926, and of George A. Harwood, a Vice President, on November 4, 1926.

There were elected or appointed the following:

January 1, 1926, Frank H. Hardin, Assistant to the President;

April 14, 1926, Jackson E. Reynolds, a director to fill the vacancy caused by the death of Mr. Campbell, and a member of the Finance Committee;

July 1, 1926, Henry Shearer, Assistant Vice President and General Manager;

November 10, 1926, Richard E. Dougherty, Engineering Assistant to President.

The Board wishes to express its appreciation of the loyal and efficient service of the officers and employees of the company during the year.

For the Board of Directors,



President.

The Michigan Central Railroad Company

CAPITALIZATION

Capital stock

Number of shares authorized	187,380	Par value authorized	\$18,738,000 00
Number of shares issued	187,380	Par value issued	\$18,738,000 00
Number of shares held by company	16	Par value held by company	1,600 00
Number of shares actually outstanding	187,364	Par value actually outstanding	\$18,736,400 00
Par value per share	\$100.00	Dividend for the year	35 per cent

Funded debt

MORTGAGE BONDS	Date of issue	Date of maturity	Amount of authorized issue	Amount issued and now outstanding	Rate of interest	Payable on the first day of
Michigan Central Railroad Co first ^③	1902	May 1, 1952	\$18,000,000 00	\$18,000,000 00	3½%	Nov and May
Michigan Central Railroad Co refunding and improvement-series A ^①	1917	Jan. 1, 1947	6,171,000 00	6,171,000 00	4½%	July and Jan
Michigan Central Railroad Co refunding and improvement-series B ^①	1920	July 1, 1935	507,000 00	507,000 00	6%	Jan and July
Gold debentures ^③	1909	April 1, 1929	25,000,000 00	7,634,000 00	4%	Oct and April
Grand River Valley Railroad first ^③	1909	Sept. 1, 1959	4,500,000 00	1,500,000 00	4%	Mch and Sept
Detroit & Bay City Railroad first ^②	1881	Mch. 1, 1931	4,000,000 00	4,000,000 00	5%	June, Sept, Dec, March
Kalamazoo & South Haven Railroad first ^②	1889	Nov. 1, 1939	700,000 00	700,000 00	5%	May and Nov
Michigan Air Line Railroad first ^②	1890	Jan. 1, 1940	2,600,000 00	2,600,000 00	4%	July and Jan
Jackson Lansing & Saginaw Railroad first ^③	1901	Sept. 1, 1951	2,000,000 00	1,695,000 00*	3½%	Mch and Sept
Joliet and Northern Indiana Railroad first ^③	1907	July 10, 1957	3,000,000 00	1,500,000 00	4%	Jan 10, July 10
Bay City & Battle Creek Railway Co first ^④	1889	Dec. 1, 1989	1,800,000 00	49,000 00†	3%	June and Dec
Toledo Canada Southern & Detroit Railway Co first ^③	1906	Jan. 1, 1956	4,500,000 00	3,100,000 00	4%	July and Jan
			Total	\$47,456,000 00		
Less Michigan Central Railroad Co refunding and improvement mortgage bonds nominally issued and held by or for the company				6,678,000 00		
			Total mortgage bonds actually outstanding	\$40,778,000 00		

EQUIPMENT TRUST OBLIGATIONS

Equipment trust certificates (N Y C Lines) ^③	1913	Jan. 1, 1928	\$3,697,777 50	\$262,359 56	4½%	July and Jan
Equipment trust certificates (M C R R) ^④	1915	Oct. 1, 1930	4,500,000 00	1,200,000 00	5%	Apl and Oct
Equipment trust certificates (M C R R) ^③	1917	Mch. 1, 1932	9,000,000 00	3,600,000 00	6%	Sept and Mch
Equipment trust notes (Trust No. 48) ^③	1920	Jan. 15, 1935	5,190,800 00	3,117,600 00	6%	July 15, Jan 15
Equipment trust certificates (N Y C R R) ^③	1920	April 15, 1935	7,014,971 25	4,208,982 75	7%	Oct 15, Apl 15
Equipment trust certificates (N Y C Lines) ^③	1922	June 1, 1937	5,595,000 00	4,103,000 00	5%	Dec and June
Equipment trust certificates (N Y C Lines) ^③	1922	Sept. 1, 1937	765,000 00	561,000 00	4½%	Mch and Sept
Equipment trust certificates (N Y C Lines) ^③	1923	June 1, 1938	9,480,000 00	7,584,000 00	5%	Dec and June
Equipment trust certificates (N Y C Lines) ^③	1924	June 1, 1939	3,495,000 00	3,029,000 00	5%	Dec and June
Equipment trust certificates (N Y C Lines) ^③	1924	Sept. 15, 1939	2,595,000 00	2,249,000 00	4½%	Mch 15, Sept 15
Equipment trust certificates (N Y C Lines) ^③	1925	May 15, 1940	3,510,000 00	3,276,000 00	4½%	Nov 15, May 15
			Total equipment trust obligations actually outstanding	\$33,190,942 31		
			Total funded debt actually outstanding	\$73,968,942 31		

TRUSTEES:

- ① Bankers Trust Company, New York
 ② Central Union Trust Company of New York
 ③ Guaranty Trust Company of New York

- ④ Metropolitan Trust Company, New York (now Chatham Phenix National Bank and Trust Company)
 ⑤ Fidelity-Philadelphia Trust Company, Philadelphia

* \$305,000 purchased and retired by the Land Grant Trustees

† Balance remaining out of an issue of \$250,000

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EQUIPMENT TRUSTS

The following statement shows the character of the equipment included in Equipment Trusts together with the total amount of certificates or notes issued and the amount now outstanding:

N Y C LINES EQUIPMENT TRUST OF 1913

Company	Loco-motives	Passenger cars	Freight cars	Certificates issued for not to exceed 90 per cent of cost bearing dividend at 4½ per cent	Final installment	Certificates redeemed	Balance certificates outstanding Dec. 31, 1926
M C R R	88	82	740	\$3,697,777 50	\$262,359 56	\$3,435,417 94	\$262,359 56
N Y C R R	249	314	2,000	10,734,681 38	742,117 67	9,992,563 71	742,117 67
C C C & St L Ry	-	47	1,000	1,706,775 32	116,733 69	1,590,041 63	116,733 69
P & L E R R	-	-	4,000	3,981,991 50	265,466 10	3,716,525 40	265,466 10
T & O C Ry	3	-	3,500	3,057,774 30	213,322 98	2,844,451 32	213,322 98
Totals	340	443	11,240	\$23,179,000 00	\$1,600,000 00	\$21,579,000 00	\$1,600,000 00

MICHIGAN CENTRAL RAILROAD EQUIPMENT TRUST OF 1915

Company	Freight cars	Certificates issued for not to exceed 90 per cent of cost bearing dividend at 5 per cent	Annual installment	Certificates redeemed	Balance certificates outstanding Dec. 31, 1926
M C R R	4,045	\$4,500,000 00	\$300,000 00	\$3,300,000 00	\$1,200,000 00

MICHIGAN CENTRAL RAILROAD EQUIPMENT TRUST OF 1917

Company	Loco-motives	Passenger cars	Freight cars	Certificates issued for not to exceed 80 per cent of cost bearing dividend at 6 per cent	Annual installment	Certificates redeemed	Balance certificates outstanding Dec. 31, 1926
M C R R	10	50	6,000	\$8,802,000 00	\$600,000 00	\$5,202,000 00	\$3,600,000 00

EQUIPMENT TRUST No. 48 (1920)

Company	Loco-motives	Freight cars	Notes issued for not to exceed 75 per cent of cost bearing interest at 6 per cent	Annual installment	Notes redeemed	Balance notes outstanding Dec. 31, 1926
M C R R	30	2,000	\$5,190,800 00	\$346,400 00	\$2,073,200 00	\$3,117,600 00

NEW YORK CENTRAL RAILROAD COMPANY EQUIPMENT TRUST OF 1920

Company	Loco-motives	Passenger cars	Freight cars	Certificates issued for not to exceed 75 per cent of cost bearing dividend at 7 per cent	Annual installment	Certificates redeemed	Balance certificates outstanding Dec. 31, 1926
M C R R	26	38	1,950	\$7,014,971 25	\$467,664 75	\$2,805,988 50	\$4,208,982 75

N Y C LINES EQUIPMENT TRUST OF 1922

Company	Loco-motives	Freight cars	Certificates issued for not to exceed 75 per cent of cost bearing dividend at 5 per cent	Annual installments	Certificates redeemed	Balance certificates outstanding Dec. 31, 1926
M C R R	10	3,500	\$5,595,000 00	\$373,000 00	\$1,492,000 00	\$4,103,000 00
N Y C R R	50	5,000	8,580,000 00	572,000 00	2,288,000 00	6,292,000 00
C C C & St L Ry	15	4,000	5,625,000 00	375,000 00	1,500,000 00	4,125,000 00
C N R R	-	1,000	1,155,000 00	77,000 00	308,000 00	847,000 00
P & L E R R	-	2,500	3,345,000 00	223,000 00	892,000 00	2,453,000 00
P McK & Y R R	-	2,500	3,345,000 00	223,000 00	892,000 00	2,453,000 00
Totals	75	18,500	\$27,645,000 00	\$1,843,000 00	\$7,372,000 00	\$20,273,000 00

The Michigan Central Railroad Company

EQUIPMENT TRUSTS (concluded)

N Y C LINES FOUR AND ONE-HALF PER CENT EQUIPMENT TRUST OF 1922

Company	Loco- motives	Certificates issued for not to exceed 75 per cent of cost bearing dividend at 4½ per cent	Annual installments	Certificates redeemed	Balance certificates outstanding Dec. 31, 1926
M C R R	15	\$765,000 00	\$51,000 00	\$204,000 00	\$561,000 00
N Y C R R	160	8,535,000 00	569,000 00	2,276,000 00	6,259,000 00
C C C & St L Ry	65	3,360,000 00	224,000 00	896,000 00	2,464,000 00
Totals	240	\$12,660,000 00	\$844,000 00	\$3,376,000 00	\$9,284,000 00

N Y C LINES EQUIPMENT TRUST OF 1923

Company	Loco- motives	Passenger cars	Freight cars	Certificates issued for not to exceed 75 per cent of cost bearing dividend at 5 per cent	Annual installments	Certificates redeemed	Balance certificates outstanding Dec. 31, 1926
M C R R	-	36	4,000	\$9,480,000 00	\$632,000 00	\$1,896,000 00	\$7,584,000 00
N Y C R R	-	184	2,000	6,930,000 00	462,000 00	1,386,000 00	5,544,000 00
C C C & St L Ry	-	48	-	930,000 00	62,000 00	186,000 00	744,000 00
Totals	8	268	6,000	\$17,340,000 00	\$1,156,000 00	\$3,468,000 00	\$13,872,000 00

N Y C LINES EQUIPMENT TRUST OF 1924

Company	Loco- motives	Passenger cars	Freight cars	Certificates issued for not to exceed 75 per cent of cost bearing dividend at 5 per cent	Annual installments	Certificates redeemed	Balance certificates outstanding Dec. 31, 1926
M C R R	25	15	1,000	\$3,495,000 00	\$233,000 00	\$466,000 00	\$3,029,000 00
N Y C R R	61	110	5,240	14,745,000 00	983,000 00	1,966,000 00	12,779,000 00
C C C & St L Ry	45	-	2,210	6,405,000 00	427,000 00	854,000 00	5,551,000 00
C N R R	-	-	250	405,000 00	27,000 00	54,000 00	351,000 00
Totals	131	125	8,700	\$25,050,000 00	\$1,670,000 00	\$3,340,000 00	\$21,710,000 00

N Y C LINES FOUR AND ONE-HALF PER CENT EQUIPMENT TRUST OF 1924

Company	Loco- motives	Passenger cars	Freight cars	Certificates issued for not to exceed 75 per cent of cost bearing dividend at 4½ per cent	Annual installments	Certificates redeemed	Balance certificates outstanding Dec. 31, 1926
M C R R	5	23	1,000	\$2,595,000 00	\$173,000 00	\$346,000 00	\$2,249,000 00
N Y C R R	48	190	4,200	12,720,000 00	848,000 00	1,696,000 00	11,024,000 00
C C C & St L Ry	5	55	2,290	5,640,000 00	376,000 00	752,000 00	4,888,000 00
Totals	58	268	7,490	\$20,955,000 00	\$1,397,000 00	\$2,794,000 00	\$18,161,000 00

N Y C LINES EQUIPMENT TRUST OF 1925

Company	Passenger cars	Freight cars	Certificates issued for not to exceed 75 per cent of cost bearing dividend at 4½ per cent	Annual installments	Certificates redeemed	Balance certificates outstanding Dec. 31, 1926
M C R R	10	1,960	\$3,398,000 00	\$234,000 00	\$122,000 00	\$3,276,000 00
N Y C R R	253	3,700	10,526,000 00	734,000 00	250,000 00	10,276,000 00
C C C & St L Ry	60	4,800	7,778,000 00	532,000 00	330,000 00	7,448,000 00
Totals	323	10,460	\$21,702,000 00	\$1,500,000 00	\$702,000 00	\$21,000,000 00

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COMPARATIVE CONDENSED GENERAL BALANCE SHEET, DECEMBER 31, 1926 and 1925

ASSETS							
1925		INVESTMENTS		1926		Comparison	
\$73,891,342 41	Investment in road			\$76,362,257 00		\$2,470,914 59	Inc
	Investment in equipment						
71,800,619 16	Trust			74,685,808 54		2,885,189 38	Inc
20,273,781 68	Owned			21,584,278 90		1,310,497 22	Inc
3,230,274 36	Improvements on leased railway property			3,306,579 77		76,305 41	Inc
44,615 77	Deposits in lieu of mortgaged property sold			27,901 22		16,714 55	Dec
1,740,257 43	Miscellaneous physical property			3,908,579 06		2,168,321 63	Inc
	Investments in affiliated companies						
	\$9,057,077 25	Stocks	\$9,058,036 25			959 00	Inc
	912,531 80	Bonds	912,531 80			—	
	778,623 94	Notes	778,623 94			—	
	4,414,127 55	Advances	5,015,514 70			601,387 15	Inc
15,162,360 54				15,764,706 69		\$602,346 15	Inc
	Other investments						
	\$15,004 00	Stocks	\$1,077 24			13,926 76	Dec
	4,106,005 15	Bonds	10,444,471 90			6,338,466 75	Inc
	13 15	Notes	13 15			—	
	26,201 00	Miscellaneous	24,251 00			1,950 00	Dec
4,147,223 30				10,469,813 29		\$6,322,589 99	Inc
\$190,290,474 65	TOTAL INVESTMENTS			\$206,109,924 47		\$15,819,449 82	Inc
CURRENT ASSETS							
\$15,282,786 58	Cash			\$14,513,471 63		\$769,314 95	Dec
24,068 45	Special deposits			20,847 95		3,220 50	Dec
1,008,638 90	Loans and bills receivable			1,454 36		1,007,184 54	Dec
957,815 87	Traffic and car-service balances receivable			978,323 90		20,508 03	Inc
1,902,599 76	Net balance receivable from agents and conductors			1,646,850 01		255,749 75	Dec
2,503,008 62	Miscellaneous accounts receivable			1,931,720 58		571,288 04	Dec
5,973,799 09	Material and supplies			6,161,943 36		188,144 27	Inc
311,648 86	Interest and dividends receivable			321,408 66		9,759 80	Inc
105,943 20	Other current assets			172,477 40		66,534 20	Inc
\$28,070,309 33	TOTAL CURRENT ASSETS			\$25,748,497 85		\$2,321,811 48	Dec
DEFERRED ASSETS							
\$29,897 66	Working fund advances			\$28,604 17		\$1,293 49	Dec
176,946 92	Other deferred assets			133,515 41		43,431 51	Dec
\$206,844 58	TOTAL DEFERRED ASSETS			\$162,119 58		\$44,725 00	Dec
UNADJUSTED DEBITS							
\$5,768 46	Rents and insurance premiums paid in advance			\$2,769 97		\$2,998 49	Dec
1,474,444 24	Discount on funded debt			1,348,822 56		125,621 68	Dec
2,455,193 18	Other unadjusted debits			2,661,918 21		206,725 03	Inc
	(\$6,679,600) Securities issued or assumed—unpledged (\$6,679,600)						
\$3,935,405 88	TOTAL UNADJUSTED DEBITS			\$4,013,510 74		\$78,104 86	Inc
\$222,503,034 44				\$236,034,052 64		\$13,531,018 20	Inc

*The Michigan Central Railroad Company***COMPARATIVE CONDENSED GENERAL BALANCE SHEET, DECEMBER 31, 1926 and 1925****LIABILITIES**

1925	STOCK	1926	Comparison
<u>\$18,736,400 00</u>	Capital stock	<u>\$18,736,400 00</u>	—
	LONG TERM DEBT		
	Funded debt unmatured		
\$35,335,077 50	Equipment obligations	\$33,190,942 31	\$2,144,135 19 Dec
40,778,000 00	Mortgage bonds	40,778,000 00	—
<u>\$76,113,077 50</u>	TOTAL LONG TERM DEBT	<u>\$73,968,942 31</u>	<u>\$2,144,135 19 Dec</u>
<u>\$94,849,477 50</u>	TOTAL CAPITALIZATION	<u>\$92,705,342 31</u>	<u>\$2,144,135 19 Dec</u>
	CURRENT LIABILITIES		
\$4,788,741 02	Traffic and car-service balances payable	\$4,473,351 64	\$315,389 38 Dec
4,767,624 43	Audited accounts and wages payable	4,835,737 59	68,113 16 Inc
1,113,669 01	Miscellaneous accounts payable	988,467 17	125,201 84 Dec
136,852 50	Interest matured unpaid	134,530 00	2,322 50 Dec
5,634 00	Dividends matured unpaid	5,492 00	142 00 Dec
2,000 00	Funded debt matured unpaid	2,000 00	—
3,278,870 00	Dividend declared, payable January 29, 1927	3,278,870 00	—
666,442 25	Unmatured interest accrued	634,877 61	31,564 64 Dec
427,774 87	Unmatured rents accrued	427,774 87	—
361,983 95	Other current liabilities	449,443 23	87,459 28 Inc
<u>\$15,549,592 03</u>	TOTAL CURRENT LIABILITIES	<u>\$15,230,544 11</u>	<u>\$319 047 92 Dec</u>
	DEFERRED LIABILITIES		
\$207,550 94	Other deferred liabilities	\$154,431 89	\$53,119 05 Dec
<u>\$207,550 94</u>	TOTAL DEFERRED LIABILITIES	<u>\$154,431 89</u>	<u>\$53,119 05 Dec</u>
	UNADJUSTED CREDITS		
\$6,935,548 99	Tax liability	\$6,808,993 67	\$126,555 32 Dec
19,547 45	Insurance and other casualty reserves	27,904 93	8,357 48 Inc
21,377,558 61	Accrued depreciation—equipment	24,840,705 98	3,463,147 37 Inc
65,107 47	Accrued depreciation—miscellaneous physical property	87,009 31	21,901 84 Inc
6,285,733 02	Other unadjusted credits	7,031,474 41	745,741 39 Inc
<u>\$34,683,495 54</u>	TOTAL UNADJUSTED CREDITS	<u>\$38,796,088 30</u>	<u>\$4,112,592 76 Inc</u>
	CORPORATE SURPLUS		
\$6,766,744 38	Additions to property through income and surplus	\$6,789,031 29	\$22,286 91 Inc
70,446,174 05	Profit and loss—balance	82,358,614 74	11,912,440 69 Inc
<u>\$77,212,918 43</u>	TOTAL CORPORATE SURPLUS	<u>\$89,147,646 03</u>	<u>\$11,934,727 60 Inc</u>
<u>\$222,503,034 44</u>		<u>\$236,034,052 64</u>	<u>\$13,531,018 20 Inc</u>

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INVESTMENTS

IMPROVEMENTS ON LEASED RAILWAY PROPERTY

Battle Creek & Sturgis Railway	\$16,536 38
Bay City Belt Line Railroad	240 62
Canada Southern Bridge	Credit 1,111 61
Canada Southern Railway	900,463 77
Detroit Manufacturers Railroad	93,949 62
Detroit Toledo & Milwaukee Railroad	96,240 73
Indiana Harbor Belt Railroad	9,715 20
Joliet & Northern Indiana Railroad	2,069,935 87
New York Central Railroad—Benton Harbor Extension	10,948 22
St Joseph South Bend & Southern Railroad	111,084 77
St Clair & Western Railroad	Credit 1,423 80
Total	<u>\$3,306,579 77</u>

DEPOSITS IN LIEU OF MORTGAGED PROPERTY SOLD

Account land at Jackson	\$3,794 50
Account trust equipment	24,106 72
	<u>\$27,901 22</u>

INVESTMENTS IN MISCELLANEOUS PHYSICAL PROPERTY

Peninsular Stove Co—property	\$2,000,002 31
Detroit stockyards	946,256 98
Detroit land—Union Trust Company	282,777 06
Detroit lands—special	15,450 00
Warehouse leased to Baldwin Universal Co	185,395 15
Bay City, land for freight house	29,532 93
Real estate—Backus property	169,312 37
Land, Woodward Avenue	130,702 07
Quarry, Joliet	47,030 80
Rail leased to sundry parties	43,041 26
Jackson, land for new belt line and coach yard	35,953 25
Grand Rapids, land for new freight yard	10,510 00
Gravel pit, Toledo	12,613 88
Land Grant lands—Union Trust Company	1 00
Total	<u>\$3,908,579 06</u>

INVESTMENTS IN AFFILIATED COMPANIES—STOCKS

	Total outstanding	Shares	Held by this company Par value
Battle Creek & Sturgis Railway Co	\$500,000 00	4,175	\$417,500 00
Canada Southern Railway Co	15,000,000 00	81,601	8,160,100 00
Chicago Kalamazoo & Saginaw Railway Co	450,000 00	2,700	270,000 00
Detroit Manufacturers Railroad	300,000 00	1,773	177,300 00
Detroit River Tunnel Company	3,000,000 00	30,000	3,000,000 00
Detroit Terminal Railroad Co	2,000,000 00	5,000	500,000 00
Detroit Toledo & Milwaukee Railroad Co	1,060,000 00	5,300	530,000 00
Indiana Harbor Belt Railroad Co	5,000,000 00	15,000	1,500,000 00
Joliet & Northern Indiana Railroad Co	300,000 00	3,000	300,000 00
Lansing Manufacturers Railroad	100,000 00	500	50,000 00
Lansing Transit Railway Co	2,000 00	10	1,000 00
Mackinac Transportation Company	65,000 00	216 $\frac{2}{3}$	21,666 67
Toledo Terminal Railroad Co	4,000,000 00	3,872	387,200 00
Toronto Hamilton & Buffalo Railway Co	5,415,000 00	11,810	1,181,000 00
Total			<u>\$16,495,766 67</u>

INVESTMENTS IN AFFILIATED COMPANIES—BONDS

	Total outstanding	Held by this company par value
Battle Creek & Sturgis Railway Co first mortgage	\$500,000 00	\$24,000 00
Chicago Kalamazoo & Saginaw Railway Co first mortgage	1,268,000 00	761,000 00
Toledo Terminal Railroad Co first mortgage	5,241,000 00	137,000 00
Toronto Hamilton & Buffalo Railway Co consolidated gold mortgage	2,000,000 00	250,000 00
Total		<u>\$1,172,000 00</u>

*The Michigan Central Railroad Company***INVESTMENTS** *(concluded)*

INVESTMENTS IN AFFILIATED COMPANIES—NOTES		Held by this company par value
Indiana Harbor Belt Railroad Co		\$778,623 94
INVESTMENTS IN AFFILIATED COMPANIES—ADVANCES		
Canada Southern Railway Co		\$4,451,457 52
Detroit River Tunnel Company		245,295 39
Lansing Manufacturers Railroad		117,646 94
Lansing Transit Railway Co		8,807 57
Mackinac Transportation Company		192,307 28
Total		\$5,015,514 70
OTHER INVESTMENTS—STOCKS		
Detroit Chamber of Commerce		\$100 00
Kansas Oklahoma & Gulf Railway Co		1,097 31
Interstate Industrial Exposition		1,400 00
Total		\$2,597 31
OTHER INVESTMENTS—BONDS		
United States of America First Liberty Loan converted 4¼%		\$50 00
United States of America Second Liberty Loan converted 4¼%		100 00
United States of America Fourth Liberty Loan 4¼%		4,500,000 00
United States of America Treasury bonds 4%		3,000,000 00
United States of America Treasury bonds 4¼%		2,500,000 00
Canada Victory Loan of 1917, 5½%		200 00
Total		\$10,000,350 00
OTHER INVESTMENTS—NOTES AND MISCELLANEOUS		
Various notes		\$13 15
Miscellaneous		101 00
Dixie Fuel and Supply Company		23,700 00
Total		\$23,814 15

SUMMARY OF INVESTMENTS

Road and equipment				\$172,632,344 44
Improvements on leased or controlled railway property				3,306,579 77
Deposits in lieu of mortgaged property sold				27,901 22
Miscellaneous physical property				3,908,579 06
Investments in affiliated companies—				
Stocks, par value	\$16,495,766 67	ledger value	\$9,058,036 25	
Bonds, par value	1,172,000 00	ledger value	912,531 80	
Notes, par value	778,623 94	ledger value	778,623 94	
Advances			5,015,514 70	15,764,706 69
Other investments—				
Stocks, par value	\$2,597 31	ledger value	\$1,077 24	
Bonds, par value	10,000,350 00	ledger value	10,444,471 90	
Notes, par value	13 15	ledger value	13 15	
Miscellaneous			24,251 00	10,469,813 29
Total investments				\$206,109,924 47

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EXPENDITURES FOR ADDITIONS AND BETTERMENTS

	Owned railway property	Leased railway property
ROAD		
Engineering	\$21,845 95	\$193 69*
Land for transportation purposes	61,338 03	14,396 65
Grading	67,062 63	5,751 69
Bridges, trestles and culverts	649,938 09	13,077 42
Ties	40,043 83	3,504 96
Rails	26,062 84	15,326 92
Other track material	340,145 39	25,871 15
Ballast	73,530 86	117 96
Track laying and surfacing	189,090 36*	5,183 21*
Right-of-way fences	875 79*	426 81
Crossings and signs	47,905 87	12,811 62*
Station and office buildings	483,614 20	262 83
Roadway buildings	1,566 56	1,084 00*
Water stations	27,045 05*	2,489 63*
Fuel stations	1,962 74*	719 18*
Shops and engine houses	138,539 55	1,001 02*
Wharves and docks	106,286 14	
Telegraph and telephone lines	71,741 00	122 90
Signals and interlockers	139,715 19	423 20*
Power plant buildings	152,937 06	
Power transmission systems	5,683 31	
Power distribution systems	15,120 10	30 42
Power line poles and fixtures	488 57*	132 67
Miscellaneous structures	3,150 20	391 05
Paving		1,151 04*
Roadway machines	4,750 87	353 50
Roadway small tools	356 31*	
Assessments for public improvements	38,312 45	3,375 31
Other expenditures—road	485 03*	
Shop machinery	184,537 85	18,058 22
Power plant machinery	4,961 61	
Total road expenditures	\$2,458,485 73	\$76,143 87
EQUIPMENT†		
Steam locomotives	\$140,586 90	
Freight-train cars	2,988,121 58	
Passenger-train cars	911,103 84	
Work equipment	154,889 26	
Miscellaneous equipment	985 02	
Total equipment expenditures	\$4,195,686 60†	
MISCELLANEOUS EXPENDITURES		
Interest during construction	\$12,428 86	\$161 54
Expenditures for the year	\$6,666,601 19	\$76,305 41
Investment in road and equipment as of December 31, 1925	165,965,743 25	3,230,274 36
Totals to December 31, 1926	\$172,632,344 44	\$3,306,579 77
* Credit		
† Including trust equipment		
The expenditures for leased line improvements were made upon the following-named properties:		
Battle Creek & Sturgis Railway		\$3,095 48
Bay City Belt Line Railroad		240 62
Canada Southern Bridge		1,819 49*
Detroit Manufacturers Railroad		29,516 78
Detroit Toledo & Milwaukee Railroad		19,775 29
Joliet & Northern Indiana Railroad		20,666 38
New York Central Railroad—Benton Harbor Extension		2,364 90
St Joseph South Bend & Southern Railroad		2,465 45
Total		\$76,305 41
* Credit adjustment		

*The Michigan Central Railroad Company*EXPENDITURES FOR ADDITIONS AND BETTERMENTS (*concluded*)*Analysis of changes in Equipment Investment account*

EQUIPMENT ADDED, including betterments:	TRUST	OWNED	TOTAL
Steam locomotives	\$142,716 92	\$578,099 78	\$720,816 70
Freight-train cars	2,125,174 34	1,212,025 06	3,337,199 40
Passenger-train cars	643,166 25	420,140 20	1,063,306 45
Work equipment		177,847 40	177,847 40
Miscellaneous equipment		2,972 00	2,972 00
Totals	\$2,911,057 51	\$2,391,084 44	\$5,302,141 95
EQUIPMENT RETIRED	TRUST	OWNED	TOTAL
Steam locomotives		\$580,229 80	\$580,229 80
Freight-train cars	\$25,868 13	323,209 69	349,077 82
Passenger-train cars		152,202 61	152,202 61
Work equipment		22,958 14	22,958 14
Miscellaneous equipment		1,986 98	1,986 98
Totals	\$25,868 13	\$1,080,587 22	\$1,106,455 35
Net increase in trust equipment			\$2,885,189 38
Net increase in owned equipment			1,310,497 22
Net increase in equipment investment			\$4,195,686 60

DETAIL OF RAILWAY OPERATING REVENUES

REVENUES FROM TRANSPORTATION	1926	1925	Increase	Decrease
Freight	\$64,489,761 55	\$61,859,111 23	\$2,630,650 32	
Passenger	21,537,939 32	20,840,641 89	697,297 43	
Excess baggage	136,137 04	145,867 27		\$9,730 23
Parlor and chair car	4,378 29		4,378 29	
Mail	947,085 40	958,647 87		11,562 47
Express	4,443,370 96	4,327,200 74	116,170 22	
Other passenger train	251,430 60	220,119 12	31,311 48	
Milk	175,108 74	156,304 13	18,804 61	
Switching	1,505,384 41	1,536,514 66		31,130 25
Special service train	14,242 00	9,309 12	4,932 88	
Total	\$93,504,838 31	\$90,053,716 03	\$3,451,122 28	
INCIDENTAL AND JOINT FACILITY				
Dining and buffet	\$1,044,012 67	\$935,279 86	\$108,732 81	
Hotel and restaurant	78,378 11	99,262 37		\$20,884 26
Station and train privileges	77,862 24	72,985 13	4,877 11	
Parcel room	36,384 70	34,942 90	1,441 80	
Storage—freight	46,646 15	57,201 68		10,555 53
Storage—baggage	22,003 32	20,599 63	1,403 69	
Demurrage	444,084 33	402,415 69	41,668 64	
Telegraph and telephone	2,868 97	2,650 72	218 25	
Stockyard	410 72	538 67		127 95
Rents of buildings and other property	86,520 20	81,436 35	5,083 85	
Miscellaneous	138,731 66	59,015 79	79,715 87	
Joint facility—Cr	57,489 44	56,769 39	720 05	
Joint facility—Dr.	15,887 48	12,436 76		3,450 72
Total	\$2,019,505 03	\$1,810,661 42	\$208,843 61	
Total railway operating revenues	\$95,524,343 34	\$91,864,377 45	\$3,659,965 89	

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DETAIL OF RAILWAY OPERATING EXPENSES

MAINTENANCE OF WAY AND STRUCTURES	1926	1925	Increase	Decrease
Superintendence	\$593,465 01	\$582,253 40	\$11,211 61	
Roadway maintenance	959,477 53	937,423 03	22,054 50	
Tunnels and subways	16,945 01	18,274 50		\$1,329 49
Bridges, trestles and culverts	319,186 54	491,953 29		172,766 75
Bridges, trestles and culverts—depreciation	27,591 63	26,337 46	1,254 17	
Ties	1,391,435 05	1,466,123 02		74,687 97
Rails	675,248 50	297,297 11	377,951 39	
Other track material	809,313 11	761,816 91	47,496 20	
Ballast	668,597 53	478,750 01	189,847 52	
Track laying and surfacing	3,253,356 96	3,023,298 22	230,058 74	
Right-of-way fences	51,112 61	66,346 85		15,234 24
Snow and sand fences and snowsheds	1,329 03	3,748 33		2,419 30
Crossings and signs	262,420 04	230,260 17	32,159 87	
Station and office buildings	634,871 54	370,420 68	264,450 86	
Roadway buildings	24,322 86	24,553 02		230 16
Water stations	163,970 00	206,752 22		42,782 22
Fuel stations	53,221 36	43,374 48	9,846 88	
Shops and enginehouses	302,847 52	308,412 13		5,564 61
Grain elevators	227 98	50 67	177 31	
Wharves and docks	2,796 08	13,453 39		10,657 31
Telegraph and telephone lines	106,707 42	107,592 02		884 60
Signals and interlockers	435,979 12	360,185 66	75,793 46	
Power plant buildings	35,489 09	13,141 35	22,347 74	
Power substation buildings	111 08	1,555 88		1,444 80
Power transmission systems	2,029 64	7,384 08		5,354 44
Power distribution systems	22,609 95	26,621 26		4,011 31
Power line poles and fixtures	3,538 74	105 97	3,432 77	
Underground conduits	125 98		125 98	
Miscellaneous structures	1,112 34	1,176 64		64 30
Paving	35,453 98	26,130 01	9,323 97	
Roadway machines	36,020 79	35,077 41	943 38	
Small tools and supplies	143,508 66	134,152 23	9,356 43	
Removing snow, ice and sand	257,505 32	186,792 12	70,713 20	
Assessments for public improvements	2,458 53	4,903 22		2,444 69
Injuries to persons	14,074 16	94,401 02		80,326 86
Insurance	37,439 65	33,171 04	4,268 61	
Stationery and printing	19,383 26	17,238 95	2,144 31	
Other expenses	1,575 23	2,750 00		1,174 77
Maintaining joint tracks, yards and other facilities—Dr.	514,629 82	520,949 73		6,319 91
Maintaining joint tracks, yards and other facilities—Cr.	353,305 65	508,639 48	155,333 83	
Total	\$11,528,183 00	\$10,415,588 00	\$1,112,595 00	

MAINTENANCE OF EQUIPMENT

Superintendence	\$528,033 00	\$471,019 95	\$57,013 05	
Shop machinery	374,906 51	352,062 66	22,843 85	
Power plant machinery	9,590 93	13,874 98		\$4,284 05
Power substation apparatus	3,776 34	4,912 77		1,136 43
Power substation apparatus—depreciation	54,186 24*	6,000 00		60,186 24
Steam locomotives—repairs	5,318,750 64	4,934,016 99	384,733 65	
Steam locomotives—depreciation	628,107 31	623,307 67	4,799 64	
Steam locomotives—retirements	302,107 89	144,853 72	157,254 17	
Other locomotives—repairs	21,642 91	23,180 32		1,537 41
Other locomotives—depreciation	17,891 28	14,221 56	3,669 72	
Carried forward	\$7,150,620 57	\$6,587,450 62		

* Credit

The Michigan Central Railroad Company

DETAIL OF RAILWAY OPERATING EXPENSES (continued)

MAINTENANCE OF EQUIPMENT (concluded)		1926	1925	Increase	Decrease
	<i>Brought forward</i>	\$7,150,620 57	\$6,587,450 62		
Freight-train cars—repairs		6,070,504 25	5,970,937 57	\$99,566 68	
Freight-train cars—depreciation		2,472,570 79	2,377,727 02	94,843 77	
Freight-train cars—retirements		108,312 01	356,639 81		\$248,327 80
Passenger-train cars—repairs		1,349,038 59	1,443,189 97		94,151 38
Passenger-train cars—depreciation		306,606 35	277,239 55	29,366 80	
Passenger-train cars—retirements		26,653 09	41,028 38		14,375 29
Work equipment—repairs		243,057 92	205,950 61	37,107 31	
Work equipment—depreciation		59,928 72	52,641 38	7,287 34	
Work equipment—retirements		5,634 29	25,980 69		20,346 40
Miscellaneous equipment—repairs		7,691 18	6,405 31	1,285 87	
Miscellaneous equipment—depreciation		4,100 88	4,040 42	60 46	
Miscellaneous equipment—retirements		585 50	1,249 16		663 66
Injuries to persons		61,353 45	95,453 88		34,100 43
Insurance		43,360 09	41,105 37	2,254 72	
Stationery and printing		36,881 13	30,842 37	6,038 76	
Other expenses		13,797 87	6,058 04	7,739 83	
Maintaining joint equipment—Dr.		126,999 24	118,472 24	8,527 00	
Maintaining joint equipment—Cr.		23,156 21	24,271 53	1,115 32	
Total		\$18,064,539 71	\$17,618,140 86	\$446,398 85	
TRAFFIC EXPENSES					
Superintendence		\$522,699 68	\$470,128 97	\$52,570 71	
Outside agencies		560,279 59	548,354 95	11,924 64	
Advertising		113,864 50	102,138 62	11,725 88	
Traffic associations		32,681 96	28,786 77	3,895 19	
Fast freight lines		2,443 76	6,626 00		\$4,182 24
Industrial and immigration bureaus		24,400 50	23,354 56	1,045 94	
Insurance		668 53	604 45	64 08	
Stationery and printing		110,629 79	126,346 90		15,717 11
Other expenses		600 00		600 00	
Total		\$1,368,268 31	\$1,306,341 22	\$61,927 09	
TRANSPORTATION EXPENSES					
Superintendence		\$986,738 83	\$928,052 07	\$58,686 76	
Dispatching trains		205,528 22	201,235 04	4,293 18	
Station employees		3,894,053 81	3,825,977 10	68,076 71	
Weighing, inspection and demurrage bureaus		60,108 14	60,508 05		\$399 91
Station supplies and expenses		279,812 14	265,271 40	14,540 74	
Yardmasters and yard clerks		1,142,406 28	1,068,837 23	73,569 05	
Yard conductors and brakemen		3,111,580 29	2,879,452 80	232,127 49	
Yard switch and signal tenders		380,867 35	380,229 61	637 74	
Yard enginemen		1,874,407 14	1,747,773 36	126,633 78	
Yard motormen		9,435 28	9,246 19	189 09	
Fuel for yard locomotives		1,735,896 04	1,700,095 15	35,800 89	
Yard switching power produced		10,219 97	12,840 79		2,620 82
Water for yard locomotives		83,259 79	105,948 22		22,688 43
Lubricants for yard locomotives		32,802 78	28,722 91	4,079 87	
Other supplies for yard locomotives		12,773 88	11,236 98	1,536 90	
Enginehouse expenses—yard		381,800 77	390,478 71		8,677 94
Yard supplies and expenses		52,825 64	53,910 00		1,084 36
Operating joint yards and terminals—Dr.		1,447,618 38	1,369,917 84	77,700 54	
Operating joint yards and terminals—Cr.		382,312 05	315,815 91		66,496 14
Train enginemen		2,382,478 68	2,269,986 90	112,491 78	
Train motormen		83,686 68	79,659 53	4,027 15	
Fuel for train locomotives		4,873,798 72	4,722,233 36	151,565 36	
<i>Carried forward</i>		\$22,659,786 76	\$21,795,797 33		

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DETAIL OF RAILWAY OPERATING EXPENSES (*concluded*)

TRANSPORTATION EXPENSES (<i>concluded</i>)	1926	1925	Increase	Decrease
<i>Brought forward</i>	\$22,659,786 76	\$21,795,797 33		
Train power produced	40,792 39	51,417 20		\$10,624 81
Water for train locomotives	243,503 66	240,166 32	\$3,337 34	
Lubricants for train locomotives	108,454 44	107,071 32	1,383 12	
Other supplies for train locomotives	46,881 37	45,490 49	1,390 88	
Enginehouse expenses—train	620,358 36	700,520 02		80,161 66
Trainmen	2,858,076 04	2,719,596 52	138,479 52	
Train supplies and expenses	1,212,589 76	1,088,078 62	124,511 14	
Signal and interlocker operation	337,194 92	331,073 97	6,120 95	
Crossing protection	357,522 45	372,813 41		15,290 96
Drawbridge operation	18,866 37	26,618 36		7,751 99
Telegraph and telephone operation	254,061 90	240,299 79	13,762 11	
Stationery and printing	275,136 31	232,057 10	43,079 21	
Other expenses	13,779 81	27,498 13		13,718 32
Operating joint tracks and facilities—Dr.	242,020 48	241,336 21	684 27	
Operating joint tracks and facilities—Cr.	212,843 30	222,642 50	9,799 20	
Insurance	30,267 32	31,113 63		846 31
Clearing wrecks	49,175 75	56,558 52		7,382 77
Damage to property	44,870 59	49,235 43		4,364 84
Damage to live stock on right of way	3,486 25	3,742 48		256 23
Loss and damage—freight	517,845 00	768,932 00		251,087 00
Loss and damage—baggage	4,374 21	5,460 38		1,086 17
Injuries to persons	174,603 57	306,911 89		132,308 32
Total	\$29,900,804 41	\$29,219,146 62	\$681,657 79	
MISCELLANEOUS OPERATIONS				
Dining and buffet service	\$1,068,985 90	\$927,339 93	\$141,645 97	
Hotels and restaurants	73,244 65	97,058 42		\$23,813 77
Stockyards	378 29	435 34		57 05
Total	\$1,142,608 84	\$1,024,833 69	\$117,775 15	
GENERAL EXPENSES				
Salaries and expenses of general officers	\$168,512 12	\$158,755 47	\$9,756 65	
Salaries and expenses of clerks and attendants	1,048,092 97	1,020,635 65	27,457 32	
General office supplies and expenses	78,778 68	71,616 19	7,162 49	
Law expenses	165,647 28	152,675 95	12,971 33	
Insurance	611 73	942 12		\$330 39
Pensions	1,258,591 61	676,468 29	582,123 32	
Stationery and printing	81,277 72	73,214 24	8,063 48	
Valuation expenses	191,084 08	154,323 05	36,761 03	
Other expenses	86,917 35	88,077 66		1,160 31
General joint facilities—Dr.	2,913 81	2,592 36	321 45	
Total	\$3,082,427 35	\$2,399,300 98	\$683,126 37	
TRANSPORTATION FOR INVESTMENT—CR.	\$129,467 88	\$90,312 36		\$39,155 52
Total railway operating expenses	\$64,957,363 74	\$61,893,039 01	\$3,064,324 73	

RATIO OF RAILWAY OPERATING EXPENSES, BY GROUPS, TO RAILWAY OPERATING REVENUES

	1926	1925
Maintenance of way and structures	12·07	11·34
Maintenance of equipment	18·91	19·18
Traffic expenses	1·43	1·42
Transportation expenses	31·30	31·81
Miscellaneous operations	1·20	1·11
General expenses	3·23	2·61
Transportation for investment—Cr.	·14	·10
Total	68·00	67·37

*The Michigan Central Railroad Company***TAXES ACCRUED**

	1926	1925	Increase	Decrease
On the value of real and personal property	\$3,560,907 38	\$3,422,032 93	\$138,874 45	
Railroad Commissioners' assessments, Ohio	3,060 14	3,011 10	49 04	
Federal Government income tax	1,504,744 05	1,949,870 99		\$445,126 94
Federal Government tax on capital	65,189 00	113,427 50		48,238 50
Canadian income tax	845,684 03	376,247 24	469,436 79	
Total railway taxes accrued	\$5,979,584 60	\$5,864,589 76	\$114,994 84	
Taxes charged to "Miscellaneous operations"	21,183 99	26,697 29		\$5,513 30
Miscellaneous tax accruals	21,529 19	17,455 79	4,073 40	
Total	\$6,022,297 78	\$5,908,742 84	\$113,554 94	

HIRE OF EQUIPMENT ACCOUNT

RECEIVED		1926		1925		Comparison		
Freight cars: Leased		\$428,562	96	\$452,610	55	\$24,047	59 Dec	
Interchanged		8,827,692	18	8,780,767	04	46,925	14 Inc	
		\$9,256,255	14	\$9,233,377	59	\$22,877	55 Inc	
Locomotives		64,678	13	65,666	20	988	07 Dec	
Passenger cars		366,000	15	348,101	61	17,898	54 Inc	
Work equipment		31,124	27	19,940	66	11,183	61 Inc	
	Totals	\$9,718,057	69	\$9,667,086	06	\$50,971	63 Inc	
PAID								
Freight cars: Leased		\$64,600	00	\$77,562	50	\$12,962	50 Dec	
Interchanged		7,937,571	26	7,310,926	72	626,644	54 Inc	
Private		1,511,978	32	1,462,064	80	49,913	52 Inc	
		\$9,514,149	58	\$8,850,554	02	\$663,595	56 Inc	
Locomotives		85,135	65	86,624	74	1,489	09 Dec	
Passenger cars		529,671	66	484,238	86	45,432	80 Inc	
Work equipment		12,941	97	18,386	31	5,444	34 Dec	
Floating equipment		208	17	212	37	4	20 Dec	
	Totals	\$10,142,107	03	\$9,440,016	30	\$702,090	73 Inc	
NET BALANCES		1926		1925		Comparisons as affecting net debit balance		
Freight cars: Leased	Credit balance	\$363,962	96	Credit balance	\$375,048	05	\$11,085	09 Inc
Interchanged	Credit balance	890,120	92	Credit balance	1,469,840	32	579,719	40 Inc
Private	Debit balance	1,511,978	32	Debit balance	1,462,064	80	49,913	52 Inc
Total freight cars	Debit balance	\$257,894	44	Credit balance	\$382,823	57	\$640,718	01 Inc
Locomotives	Debit balance	20,457	52	Debit balance	20,958	54	501	02 Dec
Passenger cars	Debit balance	163,671	51	Debit balance	136,137	25	27,534	26 Inc
Work equipment	Credit balance	18,182	30	Credit balance	1,554	35	16,627	95 Dec
Floating equipment	Debit balance	208	17	Debit balance	212	37	4	20 Dec
	Net debit balance	\$424,049	34	Net credit balance	\$227,069	76	\$651,119	10 Inc

JOINT FACILITY RENT ACCOUNT

	1926	1925	Comparison
Amount paid for use of facilities maintained by other companies	\$970,338 83	\$863,592 11	\$106,746 72 Inc
Amount received for use of facilities maintained by this company	396,871 21	319,942 09	76,929 12 Inc
Debit balance	\$573,467 62	\$543,650 02	\$29,817 60 Inc

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DEDUCTIONS FROM GROSS INCOME

Rent for leased roads

BATTLE CREEK AND STURGIS RAILWAY		
Interest at 3% on \$421,000 first mortgage bonds		\$12,630 00
CANADA SOUTHERN RAILWAY		
Interest at 5% on \$22,500,000 consolidated mortgage bonds	\$1,125,000 00	
Interest at 4% on \$130,000 Leamington & St Clair mortgage bonds	5,200 00	
Cash rental, 3% on \$15,000,000 capital stock	450,000 00	1,580,200 00
DETROIT MANUFACTURERS' RAILROAD		
Cash rental		15,150 00
DETROIT RIVER TUNNEL AND TERMINAL		
Interest at 4½% on \$18,000,000 first mortgage bonds	\$810,000 00	
Cash rental, 8% on \$3,000,000 capital stock	240,000 00	1,050,000 00
JOLIET AND NORTHERN INDIANA RAILROAD		
Dividend at 5% on \$300,000 capital stock		15,000 00
NEW YORK CENTRAL RAILROAD (BENTON HARBOR EXTENSION, ETC)		
Cash rental		5,000 00
ST JOSEPH SOUTH BEND AND SOUTHERN RAILROAD		
Cash rental		20,000 00
VARIOUS COMPANIES for sidings, team and yard tracks		37,902 82
Total rent for leased roads		<u>\$2,735,882 82</u>

Interest on funded debt

MORTGAGE BONDS		
Michigan Central Railroad Co first mortgage	3½%	\$630,000 00
Grand River Valley Railroad first mortgage	4%	60,000 00
Jackson Lansing & Saginaw Railroad first mortgage	3½%	59,325 00
Michigan Air Line Railroad first mortgage	4%	104,000 00
Detroit & Bay City Railroad first mortgage	5%	200,000 00
Kalamazoo & South Haven Railroad first mortgage	5%	35,000 00
Bay City & Battle Creek Railway Co first mortgage	3%	1,470 00
Toledo Canada Southern & Detroit Railway Co first mortgage	4%	124,000 00
Joliet & Northern Indiana Railroad first mortgage	4%	60,000 00
Gold debentures of 1909	4%	305,360 00
		<u>\$1,579,155 00</u>
EQUIPMENT TRUST OBLIGATIONS		
Equipment trust certificates of 1912	4½%	\$6,826 99
Equipment trust certificates of 1913	4½%	23,612 36
Equipment trust certificates of 1915	5%	71,250 00
Equipment trust certificates of 1917	6%	222,000 00
Equipment trust notes of January 15, 1920	6%	187,922 00
Equipment trust certificates of April 15, 1920	7%	304,176 96
Equipment trust certificates of June 1, 1922	5%	212,920 83
Equipment trust certificates of September 1, 1922	4½%	26,841 66
Equipment trust certificates of June 1, 1923	5%	392,366 67
Equipment trust certificates of June 1, 1924	5%	156,304 17
Equipment trust certificates of September 15, 1924	4½%	107,244 38
Equipment trust certificates of May 15, 1925	4½%	126,546 75
		<u>1,838,012 77</u>
Total interest on funded debt		<u>\$3,417,167 77</u>

DIVIDENDS

No. 129, 17½ per cent on 187,364 shares, declared June 9, 1926, payable July 29, 1926	\$3,278,870 00
No. 130, 17½ per cent on 187,364 shares, declared December 15, 1926, payable January 29, 1927	3,278,870 00
Total for year, 35 per cent	<u>\$6,557,740 00</u>

The Michigan Central Railroad Company

EQUIPMENT IN SERVICE

(INCLUDING EQUIPMENT OF LEASED LINES)

	DEC. 31, 1925 Grand total	INCREASE By transfer or change of class Number added	DECREASE By transfer or change of class Number retired	Grand total	Number owned*	DECEMBER 31, 1926 Number held under equipment trusts Number held under other form of title			
<i>Locomotives</i>									
For freight service	372	—	—	38	—	334	234	100	—
For passenger service	143	—	—	8	—	135	87	48	—
For switching service	232	10	—	6	—	236	144	92	—
Electric locomotives	10	2	—	—	—	12	12	—	—
Totals	757	12	—	52	—	717	477	240	—
<i>Freight-train cars</i>									
Box cars	27,477	1,000	—	120	102	28,255	7,496	20,611	148
Flat cars	1,361	157	—	20	23	1,475	1,475	—	—
Stock cars	1,230	1	—	177	—	1,054	499	447	108
Coal cars	6,990	564	—	19	10	7,525	2,985	4,540	—
Refrigerator and produce cars	—	—	2	2	—	—	—	—	—
Caboose cars	332	—	—	8	1	323	277	46	—
Totals	37,390	1,722	2	346	136	38,632	12,732	25,644	256
<i>Passenger-train cars</i>									
Coaches	244	15	37	5	35	256	110	130	16
Combination passenger cars	43	2	10	7	—	48	38	10	—
Dining cars	28	3	—	2	—	29	13	16	—
Baggage and express cars	162	19	6	8	2	177	70	101	6
Other combination cars	20	—	—	—	—	20	7	13	—
Postal cars	14	—	—	1	—	13	11	2	—
Other passenger-train cars	10	—	—	—	—	10	10	—	—
In joint service † (Toronto-Buffalo Line)	22	—	—	—	22	—	—	—	—
Totals	543	39	53	23	59	553	259	272	22
<i>Company service equipment</i>									
Officers' cars	6	1	—	—	—	7	7	—	—
Ballast cars	383	—	—	1	—	382	382	—	—
Derrick cars	3	—	—	—	—	3	3	—	—
Wrecking cars	7	1	—	—	—	8	8	—	—
Other company service cars	686	5	143	44	—	790	790	—	—
Totals	1,085	7	143	45	—	1,190	1,190	—	—

* Owned by The Michigan Central Railroad Company, The Canada Southern Railway Company or Detroit River Tunnel Company

† Toronto-Buffalo Line; ownership basis 29.73 per cent

EQUIPMENT OWNED OR LEASED BY BUT NOT IN SERVICE OF COMPANY

2,984 Refrigerator cars leased to Merchants Despatch, Incorporated

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TABLE OF TRACKS

MAIN LINE OWNED		State	MILES OF MAIN TRACK				Yards and sidings	Total
			First	Second	Third	Fourth		
Michigan Central Railroad	Detroit.....19956' W of New Buffalo	Mich	222-67	222-44	5-18	4-85	431-96	887-10
	W of New Buffalo....2556' W of Hammond	Ind	42-46	42-46	1-38	1-37	41-28	128-95
	W of Hammond.....Kensington	Ill	6-52	6-52	1-36	1-32	54-15	69-87
	Total main line owned		271-65	271-42	7-92	7-54	527-39	1,085-92
BRANCHES OWNED								
Air Line Branch	Jackson.....Niles	Mich	107-66	3-84	-	-	37-52	149-02
South Bend Branch	Niles.....5116' S of Bertrand	"	5-47	-	-	-	3-40	8-87
	S of Bertrand.....South Bend	Ind	5-97	-	-	-	5-52	11-49
South Haven Branch	Kalamazoo.....South Haven	Mich	39-34	-	-	-	7-33	46-67
Lansing Branch	Jackson.....Bay City	"	114-37	13-18	-	-	80-23	207-78
Mackinaw Branch	Bay City.....Mackinaw City	"	182-04	1-94	-	-	134-71	318-69
Gladwin Branch	Pinconning.....Gladwin	"	27-90	-	-	-	5-52	33-42
	Mt Forest.....Bentley	"	4-69	-	-	-	-	4-69
Twin Lakes Branch	Grayling.....Lewiston	"	27-26	-	-	-	21-45	48-71
Bagley Branch	Sallings.....Johannesburg	"	13-78	-	-	-	22-45	36-23
North Midland Branch	Bay City W S.....Midland	"	18-18	-	-	-	8-29	26-47
East Jordan Branch	Frederic.....East Jordan	"	42-65	-	-	-	8-08	50-73
Grand Rapids Branch	Rives Junction.....Grand Rapids	"	83-82	-	-	-	22-67	106-49
Bay City Branch	Detroit.....Bay City	"	107-44	7-55	-	-	80-96	195-95
Caro Branch	Vassar.....Owendale	"	33-54	-	-	-	9-67	43-21
Saginaw Branch	Denmark Junction.....Saginaw W S	"	15-76	-	-	-	8-91	24-67
Bay City Belt	At Bay City.....	"	5-81	-	-	-	3-18	8-99
Water Street Spur	At Bay City.....	"	3-01	-	-	-	7-11	10-12
Detroit Belt	At Detroit.....	"	6-31	4-39	-	-	31-07	41-77
Toledo Branch	Detroit.....23657' S of Vienna	"	46-82	3-43	-	-	97-75	148-00
	S of Vienna.....C S Jct Toledo	Ohio	8-56	-	-	-	43-11	51-67
Toledo Belt	At Toledo.....	"	3-49	1-50	-	-	21-78	26-77
Dearborn Branch	Toledo branch to main line.....	Mich	4-14	4-14	-	-	23	8-51
	West leg of wye at main line.....	"	6-64	-	-	-	3-81	4-45
	Oakwood Junction.....Dearborn	"	4-06	-	-	-	31	4-37
	Total branches owned		912-71	39-97	-	-	665-06	1,617-74
	Total main line and branches owned		1,184-36	311-39	7-92	7-54	1,192-45	2,703-66
LINE JOINTLY OWNED								
St Charles Air Line	At Chicago.....	Ill	70	70	-	-	1-28	2-68
LEASED LINES								
Joliet & Northern Indiana R R	East Gary.....1201' W of Dyer	Ind	15-65	-	-	-	11-67	27-32
	W of Dyer.....Joliet	Ill	28-20	-	-	-	27-80	56-00
	At Joliet.....	"	1-37	1-35	1-33	1-31	76	6-12
St Joseph So Bend & Southern R R	South Bend.....4099' N of Warwick	Ind	14-23	-	-	-	3-50	17-73
	N of Warwick.....St Joseph	Mich	25-08	-	-	-	7-77	32-85
New York Central Railroad	St Joseph Junction.....Benton Harbor	"	1-62	-	-	-	99	2-61
Detroit Toledo & Milwaukee R R	Battle Creek.....Moscow	"	47-01	-	-	-	12-82	59-83
Lansing Transit Railway	At Lansing.....	"	77	-	-	-	91	1-68
Lansing Manufacturers Railroad	At Lansing.....	"	5-22	-	-	-	8-64	13-86
Bay City Belt Line R R (South Water Street track)	At Bay City.....	"	1-70	-	-	-	3-42	5-12
Battle Creek & Sturgis Ry	Battle Creek.....Findley	"	33-99	-	-	-	2-81	36-80
St Clair & Western Railroad	St Clair.....Richmond	"	14-89	-	-	-	46	15-35
Canada Southern Bridge Co	Slocum Junction.....Grosse Ile	"	2-50	-	-	-	90	3-40
Detroit Manufacturers R R	At Detroit.....	"	1-52	-	-	-	3-01	4-53
Detroit River Tunnel Co	Detroit.....6112' E of Detroit	"	1-81	1-81	-	-	14-26	17-88
	E of Detroit.....Windsor	Ont	1-45	1-45	-	-	07	2-97
	Carried forward		197-01	4-61	1-33	1-31	99-79	304-05

The Michigan Central Railroad Company

TABLE OF TRACKS (concluded)

			MILES OF MAIN TRACK				Yards and sidings	Total	
			First	Second	Third	Fourth			
LEASED LINES (concluded)			197.01	4.61	1.33	1.31	99.79	304.05	
Canada Southern Railway	Niagara Falls..... Windsor	Ont	226.10	224.58	—	—	192.05	642.73	
	Bridgeburg..... Welland	"	16.86	16.86	—	—	22.45	56.17	
	Amherstburg..... Essex	"	16.94	—	—	—	2.30	19.24	
	St Clair Junction..... Courtright	"	62.29	—	—	—	5.60	67.89	
	Oil City..... Eddys	"	5.30	—	—	—	.75	6.05	
	Petrolia Junction..... Petrolia	"	6.62	—	—	—	1.56	8.18	
	Comber..... Leamington	"	16.06	—	—	—	5.69	21.75	
	Old Fort Erie..... Niagara-on-the-Lake	"	3.10	—	—	—	.32	3.42	
	Erie & Niagara Division.....	"	25.15	—	—	—	8.34	33.49	
	London Division.....	"	1.06	—	—	—	1.89	2.95	
	Paradise Grove Spur.....	"	.16	—	—	—	—	.16	
	Niagara River Bridge Co	Niagara Falls..... 1448' E of Niagara Falls	"	.09	.09	—	—	—	.18
		E of Niagara Falls..... Suspension Bridge	N Y	.15	.15	—	—	—	.30
Indiana Harbor Belt Railroad	Argo yard.....	Ill	—	—	—	—	5.78	5.78	
Toronto Hamilton & Buffalo Railway	Coyle yard.....	Ont	—	—	—	—	3.42	3.42	
	Bridgeburg yard.....	"	—	—	—	—	8.82	8.82	
Delaware Lackawanna & Western Railroad	At Black Rock.....	N Y	—	—	—	—	1.29	1.29	
Illinois Central Railroad	At Chicago.....	Ill	—	—	—	—	.97	.97	
Total leased lines			576.89	246.29	1.33	1.31	361.02	1,186.84	
LINES OPERATED UNDER TRackage RIGHTS									
Pere Marquette Railroad	At Bay City (South Water St).....	Mich	.16	—	—	—	—	.16	
Illinois Central Railroad	Kensington.... So Water St station, Chicago	Ill	14.00	14.00	—	—	—	28.00	
Canadian National Railways	Bridgeburg..... International Boundary	Ont	.32	—	—	—	—	.32	
	International Boundary..... Black Rock	N Y	.87	.53	—	—	—	1.40	
Grand Trunk Western Ry	At Battle Creek (Hall St).....	Mich	.20	—	—	—	—	.20	
	To new prison, Jackson.....	"	3.03	—	—	—	—	3.03	
Indiana Harbor Belt Railroad	Calumet Park..... Union Stockyards	Ill	30.04	30.04	—	—	—	60.08	
Manistee & North Eastern Ry	Grayling..... Jct of Portage Lake Branch	Mich	2.96	—	—	—	—	2.96	
New York Central Railroad	Suspension Bridge..... Buffalo	N Y	24.77	24.37	—	—	—	49.14	
	Vinewood Ave..... Beaubien St, Detroit	Mich	—	2.82	—	—	—	2.82	
	River Rouge..... Mich-Ohio state line	"	—	43.38	—	—	—	43.38	
	Mich-Ohio state line..... Toledo pass sta	Ohio	10.07	9.44	—	—	—	19.51	
	S S & S Junction..... Olivers	Ind	1.57	—	—	—	1.98	3.55	
Wheeling & Lake Erie Railway	Oak Street, Ironville..... Toledo	Ohio	5.87	—	—	—	—	5.87	
Wabash Railway	Dix and Waterman avenues..... Detroit	Mich	.17	—	—	—	.03	.20	
Total trackage rights			94.03	124.58	—	—	2.01	220.62	
Total operated mileage			1,855.98	682.96	9.25	8.85	1,556.76	4,113.80	

RECAPITULATION

STATE OR PROVINCE	Owned		Jointly owned		Leased		Otherwise operated		Total	
	1st track miles	All tracks miles	1st track miles	All tracks miles	1st track miles	All tracks miles	1st track miles	All tracks miles	1st track miles	All tracks miles
Michigan	1,117.36	2,414.91	—	—	136.11	193.91	6.52	52.75	1,259.99	2,661.57
Illinois	6.52	69.87	.70	2.68	29.57	68.87	44.04	88.08	80.83	229.50
Indiana	48.43	140.44	—	—	29.88	45.05	1.57	3.55	79.88	189.04
Ohio	12.05	78.44	—	—	—	—	15.94	25.38	27.99	103.82
New York	—	—	—	—	.15	1.59	25.64	50.54	25.79	52.13
Province of Ontario	—	—	—	—	381.18	877.42	.32	.32	381.50	877.74
Totals	1,184.36	2,703.66	.70	2.68	576.89	1,186.84	94.03	220.62	1,855.98	4,113.80

MILES OPERATED IN

Passenger service only	—	—	—	36.41	36.41
Freight service only	36.58	.70	15.36	40.73	93.37

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MILEAGE STATISTICS

TRAIN MILEAGE

REVENUE SERVICE	1926	1925	Increase	Decrease
Freight train-miles	6,690,034	6,274,016	416,018	
Passenger train-miles	6,556,983	6,125,082	431,901	
Other passenger train-miles	908,518	906,540	1,978	
Mixed train-miles	419,009	573,570		154,561
Special train-miles	2,632	1,376	1,256	
Total revenue train mileage	14,577,176	13,880,584	696,592	
Non-revenue train-miles	186,131	196,619		10,488
Total train mileage	14,763,307	14,077,203	686,104	

LOCOMOTIVE MILEAGE

REVENUE SERVICE	1926	1925	Increase	Decrease
Freight locomotive-miles	7,135,215	6,673,277	461,938	
Passenger locomotive-miles	7,827,483	7,311,741	515,742	
Mixed locomotive-miles	426,849	585,167		158,318
Special locomotive-miles	2,793	1,516	1,277	
Train switching locomotive-miles	350,085	360,940		10,855
Yard switching locomotive-miles	6,416,894	6,126,778	290,116	
Total revenue locomotive mileage	22,159,319	21,059,419	1,099,900	
Non-revenue locomotive-miles	452,997	355,186	97,811	
Total locomotive mileage	22,612,316	21,414,605	1,197,711	

CAR MILEAGE

REVENUE SERVICE	1926	1925	Increase	Decrease
Freight-train car-miles				
Freight cars—loaded	233,385,306	223,043,105	10,342,201	
Freight cars—empty	139,597,094	128,634,711	10,962,383	
Caboose cars	6,740,779	6,304,829	435,950	
Total freight-train car-miles	379,723,179	357,982,645	21,740,534	
Passenger-train car-miles				
Passenger cars	16,740,848	15,888,470	852,378	
Sleeping, parlor and observation cars	25,776,760	22,318,749	3,458,011	
Dining cars	2,760,602	2,381,739	378,863	
Other passenger-train cars	23,824,933	22,819,998	1,004,935	
Total passenger-train car-miles	69,103,143	63,408,956	5,694,187	
Mixed-train car-miles				
Freight cars—loaded	2,365,353	4,548,899		2,183,546
Freight cars—empty	1,057,043	1,773,450		716,407
Caboose cars	45,128	69,027		23,899
Passenger cars	413,903	653,245		239,342
Sleeping, parlor and observation cars	376	2,839		2,463
Other passenger-train cars	418,087	654,317		236,230
Total mixed-train car-miles	4,299,890	7,701,777		3,401,887
Special-train car-miles				
Freight cars—loaded	29,449	22,681	6,768	
Freight cars—empty	93		93	
Caboose cars	2,632	1,376	1,256	
Passenger cars	10,370	8,984	1,386	
Total special-train car-miles	42,544	33,041	9,503	
Total revenue car mileage	453,168,756	429,126,419	24,042,337	
Non-revenue car-miles	2,121,115	2,577,257		456,142
Total car mileage	455,289,871	431,703,676	23,586,195	

The Michigan Central Railroad Company

TRAFFIC STATISTICS

FREIGHT	1926	1925	Increase	Decrease
Tons of revenue freight carried	33,181,573	31,053,633	2,127,940	
Tons of company freight carried	3,207,670	2,883,139	324,531	
Total tons of freight carried	36,389,243	33,936,772	2,452,471	
Tons of revenue freight carried one mile	4,527,067,573	4,303,677,297	223,390,276	
Tons of company freight carried one mile	251,947,268	197,103,303	54,843,965	
Total tons of freight carried one mile	4,779,014,841	4,500,780,600	278,234,241	
Miles of road operated in freight service	1,819.57	1,834.91		15.34
Tons of revenue freight carried one mile per mile of road	2,486,888	2,345,444	141,444	
Tons all freight carried one mile per mile of road	2,626,453	2,452,862	173,591	
Average distance haul of one ton of revenue freight	miles 136	miles 139		miles 3
Average distance haul of one ton of all freight	miles 131	miles 133		miles 2
Average number of tons of revenue freight per train mile ^①	637	628	9	
Average number of tons of all freight per train mile ^①	672	657	15	
Average number of tons of revenue freight per loaded car mile	19.19	18.91	.28	
Average number of tons of all freight per loaded car mile	20.27	19.78	.49	
Average number of freight cars per train mile ^①	53.90	53.21	.69	
Average number of loaded cars per train mile ^①	33.16	33.24		.08
Average number of empty cars per train mile ^①	19.79	19.05	.74	
Total freight revenue	\$64,489,761.55	\$61,859,111.23	\$2,630,650.32	
Average amount received for each ton of freight	\$1.94	\$1.99		\$0.05
Average revenue per ton per mile	cents 1.425	cents 1.437		cent .012
Average revenue per mile of road	\$35,442.31	\$33,712.34	\$1,729.97	
Average revenue per train mile ^①	\$9.07	\$9.03	\$0.04	
PASSENGER				
Number of interline passengers carried	1,914,665	1,946,318		31,653
Number of local passengers carried	2,173,761	2,305,035		131,274
Number of commutation passengers carried	187,088	239,467		52,379
Total number of revenue passengers carried	4,275,514	4,490,820		215,306
Total number of revenue passengers carried one mile	622,181,373	600,450,788	21,730,585	
Miles of road operated in passenger service	1,762.61	1,762.61		
Number of revenue passengers carried one mile per mile of road	352,989	340,660	12,329	
Average distance each revenue passenger carried	miles 145.52	miles 133.71	miles 11.81	
Average number of passengers per train mile ^②	89	90		1
Average number of passengers per car mile	14	15		1
Average number of passenger cars per passenger train mile	9	9		
Total passenger revenue	\$21,537,939.32	\$20,840,641.89	\$697,297.43	
Average amount received from each passenger	\$5.04	\$4.64	\$0.40	
Average revenue per passenger per mile	cents 3.462	cents 3.471		cent .009
Total passenger service train revenue	\$27,495,450.35	\$26,648,781.02	\$846,669.33	
Average passenger service train revenue per mile of road	\$15,599.28	\$15,118.93	\$480.35	
Average passenger service train revenue per train mile ^②	\$3.49	\$3.51		\$0.02
TOTAL TRAFFIC				
Operating revenues	\$95,524,343 34	\$91,864,377 45	\$3,659,965 89	
Operating expenses	64,957,363 74	61,893,039 01	3,064,324 73	
Net operating revenue	\$30,566,979 60	\$29,971,338 44	\$595,641 16	
Average mileage of road operated	1,855.98	1,871.32		15.34
Operating revenues per mile of road	\$51,468 41	\$49,090 68	\$2,377 73	
Operating expenses per mile of road	34,998 96	33,074 54	1,924 42	
Net operating revenue per mile of road	\$16,469 45	\$16,016 14	\$453 31	

① "Freight train miles" includes total "mixed train miles"

② "Passenger train miles" includes total "mixed train miles"

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TRAFFIC STATISTICS (*continued*)

DESCRIPTION OF REVENUE FREIGHT MOVED

NUMBER OF CARLOADS				COMMODITY	NUMBER OF TONS (2,000 pounds)			
Decrease	Increase	1925	1926		1925	Increase	Decrease	
	204	5,297	5,501	Wheat	214,949	204,624	10,325	
658		7,941	7,283	Corn	273,969	304,833		30,864
1,034		6,509	5,475	Oats	172,475	206,184		33,709
297		1,760	1,463	Other grain	46,536	58,517		11,981
494		11,837	11,343	Flour and meal	333,633	354,241		20,608
	815	26,163	26,978	Other mill products	519,782	508,367	11,415	
636		4,280	3,644	Hay, straw and alfalfa	45,278	53,531		8,253
	148	870	1,018	Tobacco	13,570	11,841	1,729	
	293	2,212	2,505	Cotton	27,148	23,940	3,208	
53		369	316	Cotton seed and products, except oil	7,782	8,904		1,122
	1,266	4,560	5,826	Citrus fruits	97,625	75,075	22,550	
	2,057	16,181	18,238	Other fresh fruits	232,689	209,776	22,913	
	588	5,576	6,164	Potatoes	109,191	99,847	9,344	
984		8,825	7,841	Other fresh vegetables	98,217	111,877		13,660
	280	4,160	4,440	Dried fruits and vegetables	95,432	91,657	3,775	
316		10,013	9,697	Other products of agriculture	273,464	277,457		3,993
	1,179	116,553	117,732	Total	2,561,740	2,600,671		38,931

ANIMALS AND PRODUCTS

79		349	270	Horses and mules	3,111	4,023		912
	429	8,456	8,885	Cattle and calves	103,984	98,057	5,927	
285		3,002	2,717	Sheep and goats	25,561	27,996		2,435
639		10,899	10,260	Hogs	115,699	118,021		2,322
1,461		22,932	21,471	Fresh meats	253,440	272,146		18,706
806		10,829	10,023	Other packing-house products	164,056	176,329		12,273
	55	1,281	1,336	Poultry	15,980	15,366	614	
	454	3,854	4,308	Eggs	48,481	43,100	5,381	
	224	4,772	4,996	Butter and cheese	59,283	58,700	583	
	15	736	751	Wool	10,413	10,417		4
272		1,822	1,550	Hides and leather	33,501	39,522		6,021
73		2,502	2,429	Other animals and products	45,948	46,581		633
2,438		71,434	68,996	Total	879,457	910,258		30,801

PRODUCTS OF MINES

	5,591	19,069	24,660	Anthracite coal	1,039,076	850,003	189,073	
	12,707	130,278	142,985	Bituminous coal	7,705,606	6,942,324	763,282	
	6,379	20,712	27,091	Coke	836,306	637,637	198,669	
	20	101	121	Iron ore	4,923	4,092	831	
	61	1,753	1,814	Other ores and concentrates	77,021	70,848	6,173	
35		108	73	Base bullion and matte	3,248	4,687		1,439
	12,489	104,331	116,820	Clay, gravel, sand and stone	6,088,576	5,310,512	778,064	
	111	235	346	Crude petroleum	10,807	7,204	3,603	
	910	1,151	2,061	Asphaltum	71,074	38,803	32,271	
772		4,847	4,075	Salt	116,259	133,163		16,904
32		1,124	1,092	Other products of mines	38,903	38,342	561	
	37,429	283,709	321,138	Total	15,991,799	14,037,615	1,954,184	

The Michigan Central Railroad Company

TRAFFIC STATISTICS (concluded)

DESCRIPTION OF REVENUE FREIGHT MOVED (concluded)

NUMBER OF CARLOADS				COMMODITY	NUMBER OF TONS (2,000 pounds)			
Decrease	Increase	1925	1926		1926	1925	Increase	Decrease
PRODUCTS OF FORESTS								
3,717		21,769	18,052	Logs, posts, poles and cord wood	513,082	582,060		68,978
141		1,399	1,258	Ties	33,621	36,542		2,921
2,307		5,184	2,877	Pulp wood	84,174	145,023		60,849
1,846		56,551	54,705	Lumber, timber, box shooks, staves and headings	1,442,686	1,478,080		35,394
775		4,667	3,892	Other products of forests	92,556	108,862		16,306
8,786		89,570	80,784	Total	2,166,119	2,350,567		184,448
MANUFACTURES AND MISCELLANEOUS								
	1,154	32,618	33,772	Refined petroleum and its products	932,695	894,467	38,228	
	6	1,161	1,167	Vegetable oils	29,167	28,159	1,008	
548		8,137	7,589	Sugar, syrup, glucose and molasses	209,350	224,111		14,761
	42	132	174	Boats and vessel supplies	1,004	872	132	
867		7,427	6,560	Iron, pig and bloom	315,117	351,753		36,636
67		346	279	Rails and fastenings	8,626	12,037		3,411
	2,236	42,177	44,413	Bar and sheet iron, structural iron and iron pipe	1,407,877	1,363,869	44,008	
	560	3,776	4,336	Other metals, pig, bar and sheet	127,932	110,912	17,020	
	582	16,686	17,268	Castings, machinery and boilers	351,440	345,686	5,754	
	1,145	12,155	13,300	Cement	507,728	466,857	40,871	
	138	11,291	11,429	Brick and artificial stone	422,255	419,645	2,610	
193		5,935	5,742	Lime and plaster	158,629	162,016		3,387
799		3,717	2,918	Sewer pipe and drain tile	49,271	62,656		13,385
	696	5,640	6,336	Agricultural implements and vehicles, other than automobiles	106,633	91,383	15,250	
	26,827	208,483	235,310	Automobiles and autotrucks	1,702,363	1,520,589	181,774	
104		764	660	Household goods and second-hand furniture	5,043	5,924		881
	178	5,914	6,092	Furniture (new)	48,900	46,459	2,441	
	111	1,554	1,665	Beverages	31,179	28,336	2,843	
710		1,830	1,120	Ice	39,957	62,553		22,596
144		5,435	5,291	Fertilizers (all kinds)	126,129	132,080		5,951
	399	15,019	15,418	Paper, printed matter and books	366,484	360,375	6,109	
111		23,379	23,268	Chemicals and explosives	740,311	744,027		3,716
4		2,056	2,052	Textiles	32,201	33,837		1,636
	653	6,553	7,206	Canned goods (all canned food products)	165,278	149,896	15,382	
	5,959	123,585	129,544	Other manufactures and miscellaneous	2,762,564	2,600,772	161,792	
	37,139	545,770	582,909	Total	10,648,133	10,219,271	428,862	
	64,523	1,107,036	1,171,559	GRAND TOTAL CARLOAD TRAFFIC	32,247,248	30,118,382	2,128,866	
Merchandise—All L C L freight					934,325	935,251		926
GRAND TOTAL TRAFFIC					33,181,573	31,053,633	2,127,940	

*The Michigan Central Railroad Company***JACKSON LANSING & SAGINAW RAILROAD LAND GRANT FUND**

OF

THE MICHIGAN CENTRAL RAILROAD COMPANY

DETROIT, MICHIGAN, April 1, 1927

PATRICK E. CROWLEY, President

The Michigan Central Railroad Company

NEW YORK

DEAR SIR:

I respectfully submit herewith annual statement of the business of the Land Department of this company for the year ended December 31, 1926:

LAND AND SALES ACCOUNT

	Acres		Amount
Unsold January 1, 1926, according to patents	8,774.99	Lands sold during the year	\$970.00
Sold during the year	2,143.96	Total amount due on contracts at close of year	None
Unsold at close of the year	6,631.03		

The sales for the last five years were as follows:

	1922	1923	1924	1925	1926
Acres sold	366.58	69.06	None	598.64	2,143.96
Land sales	\$1,220.00	\$479.50	None	\$1,197.28	\$970.00
Average per acre	\$3.33	\$6.94		\$2.00	\$0.45

CASH ACCOUNT

RECEIPTS		DISBURSEMENTS	
Cash on hand January 1, 1926	\$1,712 75	For expenses	\$25 10
From payments on land contracts and sales	970 00	For taxes	136 44
From interest	41 38	Cash on hand December 31, 1926	2,742 59
From miscellaneous sources	180 00		
	<u>\$2,904 13</u>		<u>\$2,904 13</u>

WILLIAM HUTCHINSON,

Commissioner.

LAND GRANT FUND

MESSRS. BRONNER, ROBSON AND BLAIR, *Trustees*

Balance on hand at end of 1925, as shown by report for that year	\$364 54
Interest on deposits	12 86
Cash on hand December 31, 1926	<u>\$377 40</u>